



Cyfrowy Polsat IR Newsletter

February 13 – 19, 2017



Media about us	Date	Media about the TMT market in Poland
	15.02	<p>Puls Biznesu: Fiber-optic lines are more important than dividends by Marcel Zatoński</p> <p>After Orange Polska informed that it did not recommend the payout of dividends for 2016 and that it made a big write-off, the price of the company's stock slid by nearly 12% and fell to below PLN 5, with high volume of traded shares.</p> <p><i>"We have taken a strategic decision to invest into the future. We want to spend the available cash mostly on fiber-optic projects. We want to add 1 million households to our fiber-optic network footprint this year, i.e. 40% more than in 2016,"</i> says Jean-François Fallacher, the CEO of Orange Polska.</p> <p>In 2016 the company spent PLN 0.53 bn on fiber-optic projects while in 2017 the capital expenditures related to fiber-optic lines are planned at PLN 0.8 bn. At the end of 2016 the fiber-optic network covered 1.5m households, however only 6.5% of all customers within the network's coverage footprint used the service (the number of subscribers using the service increased by 71K during 2016). The company's board counts on the FTTH subscriber base doubling in 2017.</p> <p>In Q4 2016 Oranges' revenue reached PLN 2.98 bn (+1.9% y/y), while the company recorded a decrease of revenue for the whole 2016 by 2.6%, down to PLN 11.54 bn. EBITDA for the whole year shrank to PLN 3.16 bn, which, accounting for bottom line adjustments for 2015, means a decline by as much as 10.1% y/y. The company recorded net loss of PLN 1.746 bn as a result of a write-off in the amount of PLN 1.792 bn. <i>"The write-off was mainly the outcome of slower than</i></p>

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	15.02	<p><i>expected monetization of our strategy – revenues and margins are falling in the fixed-line segment, competition continues to be strong in the mobile business and our ADSL lines are losing their competitive advantage,”</i> said Maciej Nowohoński, the CFO of Orange. This year the company expects EBITDA at the level of PLN 2.8 – 3 bn.</p> <p>Dziennik Gazeta Prawna: Who will offer more gigabytes <i>An interview with Mariusz Gaca, the Vice-President of Orange Polska, responsible for the consumer market, by Barbara Sowa</i></p> <p>In an interview for Dziennik Gazeta Prawna, Mariusz Gaca said that the price war has continued on the Polish telecommunication market for years. <i>“I have the impression that everyone is fed up with “price-related competition” but nobody knows how to end it. Operators must invest into their networks, acquisition of radio spectrum, maintenance of their infrastructure, as well as into marketing and distribution chains, etc. but at the end of the day they must stay within the pricing and service ranges which prevail on the market.”</i> He admitted that telecoms are offering services which exceed actual customer needs because, as he said, a “gigabyte war” which is waged on the market has taken the form bidding, with operators playing the “who will give more?” game.</p> <p>He has stressed that he supports service packaging. <i>“If a customer is expected to pay more, than it would be best if he paid for services added to his offer for some small additional fee. This is a better direction of customer acquisition than just simple price reduction,”</i> said Gaca. He noted that service packages and convergent services were gaining popularity.</p>

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	16.02	<p>Puls Biznesu: Analysts have revised Orange's stock valuation <i>by Kamil Zatoński</i></p> <p>After Orange Polska decided to withhold dividend payment, analysts from five brokerage houses updated their recommendations and the telecom's share valuation.</p> <p>Konrad Książopolski from Haitong Bank reduced the target price to PLN 5 and issued a "sell" recommendation. In his valuation he accounted for the high probability of payment by the company of the PLN 650 million penalty imposed by the European Union and he also reduced the EBITDA forecast for the years 2017-2019 by 3-6%. In Książopolski's opinion, Orange will continue its aggressive promotion of fiber-optic services, which will generate high customer acquisition and marketing costs.</p> <p>Vera Sutedja from Erste also reduced her recommendation to "sell" while slashing the target price from PLN 6 to PLN 5. Piotr Raciborski from Wood brokerage house put the target price at PLN 5.6 (with a recommendation "sell"), while Ivan Kim of VTB Capital set the target price at PLN 5.8 ("hold"). The opinion of Polina Ugryumova from Morgan Stanley is most detached from the market consensus. She upheld her "market-perform" recommendation and the target price at PLN 7.2.</p>

Press review



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	16.02	<p>Dziennik Gazeta Prawna: Polish viewers want Polish TV series <i>by Barbara Sowa</i></p> <p>Showmax, a movie and TV series platform owned by the South African Naspers corporation, has just debuted on the Polish market. The service already operates in 65 countries. Maciej Sojka, the head of the service in Poland, wants to build a group of loyal fans and that requires local content. The service's base contains several hundred movies and several dozen TV series with Polish translations. Sojka has neither disclosed how much the company intends to invest in Poland, nor when he expects the service to reach breakeven point. Ultimately, he wants to release 10 Polish productions per year.</p> <p>Monthly access to Showmax costs PLN 19.90. According to Izabela Albrychiewicz from MEC media agency, Poles still demonstrate low propensity to pay for content but the figures are slowly growing. At the same time, about half of all e-viewers are willing to pay for content which is not available on TV, while one-third of them are willing to pay for watching shows before their TV premieres. An original offer is the key to success.</p>



Press release
February 14, 2017

Get to know the new smartDOM Home Savings Scheme

Cyfrowy Polsat and Plus are starting a new phase of communication of their smartDOM strategic offer. This unique program will be promoted under the slogan “Home Savings Scheme” (Domowy Program Oszczędnościowy). It will include as many as nine products and services which customers will be able to combine and thanks to this reduce their bills by even PLN 1000 annually!

At present the smartDOM Home Savings Scheme means as many as nine products and services for each household. Apart from the flagship, core services, i.e. mobile telephony offered by Plus, LTE Plus Internet and Plus Advanced as well as Cyfrowy Polsat’s DTH services, the scheme also includes electricity supply, banking services, insurance services, security services for homes as well as sale of telecommunication devices, home electronics and household appliances. Soon sale of natural gas supply for homes will be added to the program.

One of the main, unchangeable principles of the smartDOM program is the simple relation – the more products and services a customer has, the more he can save thanks to obtained rebates.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2017-02-13	23.98	23.68	23.94	0.25%	4 490
2017-02-14	24.14	23.57	24.14	0.84%	21 196
2017-02-15	24.19	23.65	23.70	-1.82%	17 868
2017-02-16	23.84	23.50	23.52	-0.76%	26 511
2017-02-17	23.61	23.07	23.25	-1.15%	26 748



Investor's calendar



March 2 - 16, 2017

Closed period prior to the publication of 2016 results

March 16, 2017

Annual report and consolidated annual report for 2016